

CITY OF TIGARD, OREGON

RESOLUTION NO. 01- 59

A RESOLUTION OF THE CITY OF TIGARD APPROVING AN AMENDMENT TO THE NON-EXCLUSIVE CABLE TELEVISION SERVICES FRANCHISE AGREEMENT GRANTED TO TCI OF TUALATIN VALLEY, INC., BY EXTENDING THE DEADLINE FOR CONSTRUCTION OF THE REQUIRED SYSTEM UPGRADE.

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WHEREAS, in 1980 the Metropolitan Area Communications Commission (hereinafter "MACC") was formed by Intergovernmental Agreement (hereinafter "IGA") to enable its member jurisdictions to work cooperatively and jointly on communications issues, in particular, the joint franchising of cable services and the common administration and regulation of such franchise agreements, and the City of Tigard is a member of MACC; and

WHEREAS, the IGA authorizes MACC and its jurisdictions to grant one or more non-exclusive franchise agreements for the construction, operation, and maintenance of a cable service system within the combined boundaries of the member jurisdictions; and

WHEREAS, the IGA requires that each member jurisdiction to be serviced by the proposed Grantee must formally approve any joint cable service franchise agreement and any amendment thereof; and

WHEREAS, TCI of Tualatin Valley, Inc., is the Grantee under a Cable Television Services Agreement approved by MACC and its member jurisdictions, dated February 1, 1999, hereinafter "Franchise;" and

WHEREAS, MACC and its member jurisdictions approved a change of control of the parent of the Grantee to AT&T Corp.; and

WHEREAS, the City approved the Franchise by Resolution No. 99-04; and

WHEREAS, the Franchise requires an upgrade to the residential Cable System and the Public Communications Network and provides deadlines for completion of those upgrades on or before January 31, 2002; and

WHEREAS, Grantee has notified MACC and its member jurisdictions that it will be unable to complete the required system upgrades by the deadline established in the Franchise due to financial constraints; and

WHEREAS, the MACC Board, by Resolution 2001-12 adopted on the 22nd day of August 2001, recommended that affected member jurisdictions grant an extension of the deadline for completion of the residential Cable System upgrade, with conditions, and contingent on approval by all MACC member jurisdictions; and

WHEREAS, the City Council finds that approval of the recommended extension is in the best interest of the City and its citizens, provided that the conditions required in the negotiated "Upgrade Extension Agreement," attached hereto as Exhibit A, are met.

NOW, THEREFORE, BE IT RESOLVED by the Tigard City Council that:

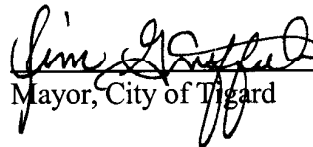
SECTION 1: The Upgrade Extension Agreement, attached hereto as Exhibit A and incorporated herein by this reference, is hereby approved, subject to all the terms and conditions contained therein.

SECTION 2: The Upgrade Extension Agreement shall not take effect until such time as each of the following have occurred:

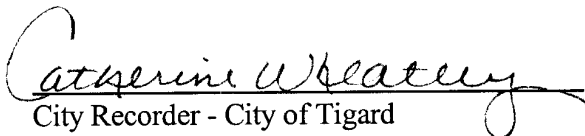
- a. All conditions precedent recited in the Agreement have been met; and
- b. Grantee has paid to MACC the \$50,000 to cover its costs, as required by Section IV.A of the Agreement; and
- c. Grantee has provided the letter of credit and performance bond required by Sections VI.A and VI.B of the Agreement; and,
- d. Grantee has caused its duly authorized representative to execute the Agreement as written.

SECTION 3: This resolution is effective immediately upon passage.

PASSED: This 9<sup>th</sup> day of October 2001.

  
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Mayor, City of Tigard

ATTEST:

  
\_\_\_\_\_  
City Recorder - City of Tigard

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## EXHIBIT A to Resolution

### **MACC – GRANTEE UPGRADE EXTENSION AGREEMENT**

#### Recitals

This Agreement is made and entered into by and between the Metropolitan Area Communications Commission (hereinafter "MACC") and TCI of Tualatin Valley, Inc., whose parent company is TCI Cablevision of Oregon, Inc. ("Grantee");

**WHEREAS**, MACC member jurisdictions and Grantee entered into a Cable Television Services Agreement effective November 1, 1999 (hereinafter "Franchise"); and

**WHEREAS**, the Franchise requires an upgrade to the residential Cable System and the Public Communications Network and provides deadlines for completions of those upgrades on or before January 31, 2002; and

**WHEREAS**, Grantee has notified MACC and its member jurisdictions that it will be unable to complete the required system upgrades by the deadline established in the Franchise due to financial constraints; and

**WHEREAS**, MACC is willing to grant an extension of the deadline for completion of the residential Cable System upgrade without otherwise limiting its rights and remedies under the Franchise, provided certain assurances and considerations are obtained from Grantee in the public interest and contingent on approval by its member jurisdictions; and

**WHEREAS**, the following conditions precedent have been met;

**NOW, THEREFORE**, the parties agree as set forth below.

#### Conditions Precedent

In all cases where requirements of this Agreement predate the date when this Agreement is approved by the parties, it shall be a condition precedent to the effectiveness of this Agreement that such requirements have been timely met.

All MACC member jurisdictions must approve this Agreement.

#### **I. SYSTEM UPGRADE**

- A. This Agreement provides for an extension of the deadline for construction of the upgrade of the residential Cable System as required in Section 11.1A.2 of the Franchise (on or before January 31, 2002) to July 31, 2002. Grantee shall have

completed its obligations for the upgrade of the residential Cable System if MACC has certified completion of the following through audits as provided in this Agreement:

- 1) The upgraded Cable System is constructed, and the physical plant is in substantial compliance with the Franchise for a minimum of 22,000 passings to be constructed between April 1, 2001, and February 1, 2002.
- 2) The upgraded Cable System is constructed, defined as completion of building and capable of carrying the signals it is designed to carry, and the physical plant is in substantial compliance with the Franchise and this Agreement, by July 31, 2002; and
- 3) The upgraded Cable System is proofed and is in substantial compliance with all applicable FCC and other pertinent standards contained in the Franchise and this Agreement by August 31, 2002; and
- 4) Upgraded video cable services are activated and available to subscribers, and in compliance with all pertinent standards contained in the Franchise by September 30, 2002.

- B. This Agreement does not extend the deadline for upgrade of the Public Communications Network (PCN). All original PCN sites, and those identified in Attachment A., shall be upgraded and migrated to the new PCN as defined in this Agreement by February 1, 2002. This does not affect the PCN capacity requirements set forth in Section 11.2 B. of the Franchise. Grantee shall have completed its obligations for upgrade of the PCN per Section 11.2 of the Franchise if each of the following occurs by the following deadlines subject to MACC's certification and approval following audits as described in this Agreement:

- 1) All of the network has been upgraded to fiber for the new PCN; and
- 2) All user sites with service contracts are connected and migrated to the new PCN per Section 11.2 A. 3) of the Franchise unless Grantee is unable to migrate the user to the upgraded PCN due to the actions of the PCN user.

## **II. UPGRADE SCHEDULE FOR RESIDENTIAL CONSTRUCTION**

- A. Segment 1: By August 10, 2001, Grantee shall provide MACC with a current report showing where construction has been completed for the upgrade of residential passings.
- B. Segment 2: By August 10, 2001, Grantee shall provide MACC with an advance build schedule for residential passings for this construction period. Between April 1, 2001 and February 1, 2002, Grantee must complete construction of a minimum of 22,000 passings.

- C. 1) Segment 3: By August 10, 2001, Grantee shall provide MACC with a preliminary plan, shown on a monthly basis, for the passings to be constructed during the upgrade extension period (February 1, 2002 through July 31, 2002).
- 2) By November 1, 2001, Grantee must provide MACC with the final build schedule, shown on a monthly basis, for the time period of the upgrade extension.
- 3) By January 15, 2002, Grantee shall provide written documentation of its readiness to complete Segment 3 construction. Such documentation shall demonstrate, at a minimum, that at least the following are substantially completed by this date: a) the fiber backbone is in place; b) any needed power supplies have been permitted and placed (excepting electronics); and c) underground and over-lash construction permits are in place.

This report shall also show the extent of replacement of the existing coaxial system during upgrade activities for Segments 1 and 2.

### III. REPORTING

Grantee shall provide MACC with progress report each month throughout the upgrade extension period for the following:

#### A. Residential Cable System

- 1) Monthly reports: Grantee shall provide MACC with monthly build schedule progress reports for both the original upgrade period (Segment 2) and the upgrade extension period (Segment 3) by the 10<sup>th</sup> day of each month, beginning in the first month after execution of this Agreement. These reports shall include a written narrative report detailing the nodes constructed during the prior month.
- 2) Grantee shall provide MACC with written notice that the Segment 2 requirements for the upgraded residential Cable System have been constructed on or before February 1, 2002. This notice must state that upgrade construction is completed and the Cable System is in substantial compliance with the Franchise and this Agreement for a minimum of 22,000 residential passings.
- 3) Grantee shall provide MACC with written notice of its completion of construction of Segment 3 -- upgrade of the remainder of the residential Cable System -- on or before August 1, 2002. This notice must state that upgrade construction is completed and the Cable System is in substantial compliance with the Franchise and this Agreement for all residential passings in the Franchise Area.

#### B. PCN

- 1) By August 10, 2001, Grantee shall provide MACC with the final build schedule that shows, on a monthly basis, upgrade of the PCN.

2) Grantee shall provide MACC with monthly build schedule progress reports by the 10<sup>th</sup> day of each month, beginning in the first month after execution of this Agreement. These reports shall include a written narrative describing the upgrade construction on the PCN and a list of sites that have been connected and migrated, as defined in this Agreement, to the upgraded PCN fiber during the prior month. The first report provided shall also document PCN upgrade construction from August 1, 2001 forward to the date of this report.

3) Grantee shall provide MACC with written notice of its completion of construction of the upgrade of the PCN on or before February 1, 2002. This notice must state that the PCN fiber upgrade is complete, that all user sites are connected and migrated, as defined in this Agreement, to the new PCN, and that all users have signed a PCN Acceptance Agreement.

#### C. Effect of completion notices

The completion notices from Grantee are administrative in nature. Failure by Grantee to provide the required completion notices shall not result in any modification to the construction requirements otherwise provided for herein.

### IV. CONSIDERATION FOR EXTENSION

A. **MACC Costs:** Grantee shall provide MACC with \$50,000 upon execution of this Agreement. This amount is estimated to cover extraordinary costs for legal, consulting, and other outside or out of pocket expenses related to the negotiation, execution, and enforcement of Grantee's request for an extension of the upgrade deadline. MACC shall provide Grantee with an itemized list of expenses after MACC staff certifies that the upgrade is complete.

#### B. MACC Subscriber Notices

Grantee shall provide MACC with one complimentary bill stuffer in the first year of this Agreement to allow MACC to notify subscribers of its services and their rights as cable subscribers. For the first year of the requirement, Grantee shall provide for production, insertion, and incremental postage at no charge to MACC. In subsequent years, Grantee shall provide MACC with the right to include bill stuffers and shall pay the costs for insertion and incremental postage; MACC shall be responsible for production costs. The bill stuffer shall be included in subscribers' bills during the first quarter of each calendar year (January 1 – March 31), beginning in 2002. Grantee shall be provided an opportunity to review and approve the content of these bill stuffers. Bill stuffers must conform to Grantee's mailing requirements.

C. **@Home Accounts:** Grantee shall provide MACC with 30 complimentary @Home service accounts (including modems, standard installations, and monthly service), or other substantially equivalent service, over the life of the Franchise. MACC shall give Grantee thirty (30) days advance notice for such installations and Grantee shall be required to provide them only in areas where these services are available. MACC shall designate which agency sites shall receive these modems, installation

and service. Grantee shall be allowed to approve the sites selected for these services to assure that none could be used for commercial users. Selected sites will be provided with @Home service as it is available as of the effective date of this Agreement, or with substantially equivalent service as it is available over the life of the Franchise. Nothing in this Agreement shall prohibit Grantee from requiring selected sites to enter into standard @Home service agreements.

#### D. Residential Subscribers

1) Subscribers who have not been provided upgraded video services by February 1, 2002, shall receive a \$0.30 credit on their February bill and on each subsequent bill until such subscriber is able to receive the upgraded video services. MACC shall be allowed to review and comment on the descriptions of such credits on subscriber bills.

2) Grantee shall not impose any rate increases for Basic, Expanded Basic, or Standard video cable services on a subscriber until that subscriber is upgraded, and services are activated and available to that subscriber. This provision applies from the date of the execution of this Agreement until MACC has certified that the upgrade is complete.

3) On February 1, 2002, Grantee shall provide all non-upgraded subscribers with coupon(s) worth a minimum of \$16.00 toward Pay-Per-View or other enhanced services.

4) All credits shall be provided only to "basic service customers" -- defined as an individual receiving a bill from Grantee for the provision of cable services to its household, not including "bulk-billed" and commercial customers.

#### E. PEG

1) Grantee shall reimburse the Designated Access Provider for costs to publicize and notify PEG users and subscribers of channel line-up changes, not to exceed \$5,000.

2) Grantee shall cover all of the costs for printing one bill stuffer, for the Designated Access Provider, including the costs of insertion and any incremental postage costs, not to exceed \$5,000. Bill stuffers must conform to Grantee's mailing requirements.

3) The deadline requirement for relocation of the headend of the Designated Access Provider (Section 9.3.D of the Franchise) is extended to January 31, 2002, and

Grantee shall subsidize this relocation amount up to \$58,000 for one relocation. The Designated Access Provider shall pay all additional costs of this relocation. MACC shall notify Grantee by August 22, 2001, whether the Designated Access Provider has indicated that they want this location to be built using analog or digital equipment.

**F. PCN**

PCN rates for any agency shall remain at the "legacy level" until a minimum of 50% of that agency's sites are connected and operating on the new PCN.

**V. AUDITS**

- A. Grantee shall facilitate up to three (3) audits of construction, activation, and certification requirements of the upgraded residential system by MACC or its designee, as described herein. In addition, Grantee shall facilitate additional audits and interim progress evaluations performed by MACC or its designee on both the residential Cable System and the PCN regarding the commitments of this Agreement. These evaluations shall be conducted between the date of execution of this Agreement and the deadlines specified for construction completion. The parties agree that checklists for the residential Cable System and PCN, Attachments B and C, will be used as part of the audit process.
- B. Grantee shall make records available consistent with Section 7.1. of the Franchise, but with no cure period for any violation.
- C. MACC or its designee shall perform an audit within 14 calendar days following the deadline for upgrade construction of 22,000 passings of the residential Cable System and upgrade of the PCN unless unusual circumstances or a force majeure occurrence prevents or delays the audit. Thereafter, MACC shall certify completion of this segment of the upgrade within 14 days of receipt of any clarification, follow-up, or other information needed from Grantee.
- D. MACC or its designee shall perform an audit within 14 calendar days following the deadline for upgrade of the PCN unless unusual circumstances or a force majeure occurrence prevents or delays the audit. Thereafter, MACC shall certify completion of the PCN upgrade within 14 days of receipt of any clarification, follow-up, or other information needed from Grantee.
- E. MACC or its designee shall perform an audit within 14 calendar days following the deadline for upgrade construction of the remainder of the residential Cable System unless unusual circumstances or a force majeure occurrence prevents or delays the audit. Thereafter, MACC shall certify completion of this segment of the upgrade within 14 days of receipt of any clarification, follow-up, or other information needed from Grantee.

**VI. REMEDIES AND PERFORMANCE GUARANTEES**

- A. Concurrent with its written acceptance of this Agreement, Grantee shall provide MACC with a \$2,000,000 irrevocable Letter of Credit, in a form satisfactory to MACC, to be available for payment of fines that may be imposed under this Agreement and to otherwise secure Grantee's performance of its obligations under



this Agreement. Upon Grantee meeting all of the requirements of this Agreement, MACC will release the Letter of Credit.

- B. Concurrent with its written acceptance of this Agreement, Grantee shall provide MACC with a performance bond, in a form satisfactory to MACC, in the amount of \$12,000,000 to assure its completion of the requirements of this Agreement. Grantee may retain its existing bond as required by Section 5.5 A. of the Franchise in partial satisfaction of this requirement. When MACC certifies that Grantee has fully performed all of its obligations under this Agreement, this bond shall be cancelled provided the \$1,000,000 bond, as required by the Franchise, is in place.

#### C. Residential Cable System

- 1) If Grantee fails to provide to MACC the required build schedule progress reports on a monthly basis for the upgrade of the residential system (as required in III. A. 1), III. B. 1), III. B. 2) or the required documentation due under II C. by the due dates for those reports and documents, Grantee shall pay MACC an uncontested fine of \$250 per day for every day each item is late to MACC and no cure period is allowed.
- 2) If Grantee fails to meet the monthly cumulative build schedule requirements for the residential Cable System, fines shall accrue at \$10,000 per month until cumulative construction requirements are met.
- 3) If Grantee fails to complete construction of the residential upgrade by July 31, 2002, Grantee shall pay MACC an uncontested fine of \$100,000.
- 4) In addition, Grantee shall pay daily fines established in Section 15.2 of the Franchise of \$1,000 each day thereafter until MACC certifies that the upgrade of the residential Cable System is completed.
- 5) The effective date for imposition of any fines for delay in the total upgrade of the residential Cable System shall not begin prior to 14 calendar days after July 31, 2002.

#### D. Public Communications Network

- 1) If Grantee fails to provide to MACC the required monthly build schedule progress reports on the upgrade of the PCN, as required in III. B. 1), by the due dates for those reports, Grantee shall pay MACC an uncontested fine of \$250 per day for every day each report is late to MACC and no cure period is allowed.
- 2) If any of the original PCN sites, or those identified on Attachment A., are not upgraded and migrated within 30 days after the timeline date proposed in the build schedule, Grantee shall pay an uncontested fine of \$5,000 for each affected site. These fines shall be delivered to MACC, payable to the specific agency.

Additional \$5,000 fines shall be delivered to MACC, payable to these agencies, every thirty (30) days thereafter that the specific site is not upgraded.

**E. Combined Penalty – Segment 2 and PCN**

1) Consistent with this Agreement, Grantee shall pay MACC an uncontested fine of \$50,000 if Grantee fails to complete any of the following: upgrade and migration of all original PCN sites, PCN site identified on Attachment A, or Segment 2 of the residential Cable System on or before January 31, 2002.

2) In addition, Grantee shall pay daily \$1,000 fines as established in Section 15.2 of the Franchise each day thereafter until all PCN sites are upgraded.

**F. Combined Penalty for Reduction in Franchise Term – Segment 3 and PCN**

If the upgrade construction, as required by the Franchise and this Agreement, is not completed as certified by MACC by September 30, 2002, the term of the Franchise shall be reduced by three (3) years per Section 19.11 of the Franchise without prior notice to Grantee.

**VII. GENERAL TERMS AND CONDITIONS**

A. Terms of this Agreement are contingent on approval by all MACC jurisdictions.

B. The MACC Commission shall determine the use of all funds paid to MACC.

C. Existing Franchise provisions remain in effect in addition to those specified in this Agreement.

D. This Agreement shall be binding on Grantee's successors in interest and assigns. It shall be a condition of any request for approval of a transfer of the Franchise or Cable System or change of control of Grantee that the transferee or new controlling entity specifically accept and agree to be bound by the terms of this Agreement in writing.

E. The remedies provided under this Agreement and under the Franchise are cumulative. Pursuit of one remedy shall not preclude pursuit of any other available remedy.

The remedies provided under this Agreement shall be subject to the process otherwise required under Franchise Section 15 unless this Agreement provides for an uncontested fine or waives a cure period. In the event of a failure by Grantee to complete construction as required by this Agreement, MACC may, in its discretion, draw on the performance bond or letter of credit to secure completion.

F. Payment of all fines due under this Agreement shall occur within thirty (30) calendar days of the date notice or demand for payment by MACC is received by Grantee. "Payment" shall mean receipt by MACC, at MACC's office, of guaranteed funds in the full amount due.

- G. Throughout the term of this Agreement, Grantee shall maintain and file with MACC a designated legal or local address for the service of notices by mail. A copy of all notices from MACC to Grantee shall be sent, postage prepaid, to such address and such notices shall be effective upon the date of mailing. At the effective date of this Agreement, these addresses are:

(1) Senior Vice-President  
AT&T Broadband  
3075 NE Sandy Blvd  
Portland, Oregon 97232

(2) Legal Department  
AT&T Broadband  
22025 30<sup>th</sup> Avenue SE  
Bothell, Washington 98021

All notices to be sent by Grantee to MACC under this Agreement shall be sent, postage prepaid, and such notices shall be effective upon the date of mailing. At the effective date of this Agreement, this address is:

Administrator  
Metropolitan Area Communications Commission  
1815 NW 169th Place, Suite 6020  
Beaverton, OR 97006-4886

**ATTACHMENT A****Future PCN Sites**

Banks City Hall	100 S. Main	Banks
Pacific University	2043 College Way	Forest Grove
Gales Creek School (FDSD)	9125 NW Sergeant	Gales Creek

**ATTACHMENT B****MACC – Grantee Residential Cable System Upgrade Audit Checklist****At Headend, Master Hub, or Hub:**

1. Are all subscriber video programming services specified in either the franchise or Grantee's product and services literature available at the Headend?
2. Are the facilities and equipment at the Headend able to deliver high quality signals that meet or exceed FCC technical quality standards?
  - a. Is satellite receive equipment available and functioning at the Headend to facilitate required services?
  - b. Is off air receive equipment available and functioning to facilitate required services?
  - c. Are modulators/demodulators available and functioning for transmission of services up to 550 Mhz or above?
  - d. Is the fiber optic transmission system available and functioning in the downstream direction to support subscriber video services?
  - e. Is the required Emergency Alert System available at the Headend?
    - i. Is it operating within FCC required parameters?
  - f. Is equipment to facilitate digitally compressed video services available and functioning at the Headend?
  - g. Is addressable equipment available and functioning at the Headend to facilitate required services?
3. Is the return system in place and operating such that it could support two-way high speed Internet access?
  - a. Is fiber optic upstream transport equipment available and functioning to facilitate the return system?
  - b. Is electronic equipment available and functioning to facilitate upstream transmission?
4. Is standby power generating capacity capable of providing at least 12 hours of emergency operation available at the Headend?
  - a. Is there a back-up generator?

- i. Is it operational?
- b. Is there a –48 VDC battery system?
  - i. Is it operational?
- 5. Is the Headend, Master Hub or Hub grounded in accordance with Code requirements?

### **Distribution System:**

For all distribution system areas checked, the following specifications shall be met or exceeded for 95% of the test results:

1. Does the system use a fiber to the neighborhood node architecture?
  - a. Does each node size equal 1,500 customers or less?
2. Is the location active?
3. Do the system active electronics meet or exceed transport capabilities of 550 MHz?
4. Do the system passive devices meet or exceed transport capabilities of 550 MHz?
5. Does the location meet all required FCC performance parameters in the downstream direction?
  - a. Carrier to noise meets or exceeds 43 dB
  - b. Carrier to coherent distortion meets or exceeds –51 dB
  - c. In channel frequency response is less than or equal to +/-2 dB
  - d. Frequency response across the passband (peak to valley) meets or is lower than 13 dB
  - e. Hum modulation is 3% or less
  - f. Visual/aural signal level differential is between 10 dB and 17 dB
  - g. Adjacent channel visual signal level variation is 3 dB or less
  - h. All drop locations provide a minimum 3 dB signal level at the end of a 100-foot drop

6. Required spectrum is activated in the upstream direction
7. Stand-by powering is available and provides back-up power for two hours or more
8. System converters carry signals in accordance with manufacturers' specifications with a channel capacity that meets or exceeds 550 Mhz

**Physical Plant Characteristics:**

For all physical plant checked, the following specifications shall be met or bettered for 95% of the test results:

1. All equipment is grounded/bonded at pole locations in accordance with Code requirements.
2. All equipment is grounded/bonded at pedestal locations in accordance with Code requirements.
3. Aerial plant is in compliance with all applicable National Electric Safety Code and other pertinent Code requirements.

**Note:** All system problems found, including those that are evidenced 5% of the time or less must be promptly corrected so that affected areas of the system will achieve full compliance with required specifications.

**ATTACHMENT C****MACC – Grantee PCN Audit Checklist**

All specifications below are to be completed or met 100% of the time.

**At the Headend, Master Hub, or Hubs:**

1. Are all active PCN fibers for PCN sites with contracts for service terminated and spliced at the hubs and Headend?
2. Is all required equipment available and configured at the Headend and Hub for each service offered?
  - a. ATM/T-1
  - b. ATM/10 Megabit
  - c. ATM/100 Megabit
  - d. Gigabit Ethernet
  - e. Ethernet/10 Megabit
  - f. Ethernet/100 Megabit
  - g. Ethernet/T-1
  - h. Video receive
  - i. Video receive/transmit
3. For each service contracted for, are required network management/monitoring and control hardware and software in use and performing satisfactorily?
  - a. ATM/T-1
  - b. ATM/10 Megabit
  - c. ATM/100 Megabit
  - d. Gigabit Ethernet
  - e. Ethernet/10 Megabit
  - f. Ethernet/100 Megabit
  - g. Ethernet/T-1
  - h. Video receive
  - i. Video receive/transmit
4. Is all PCN equipment connected to the UPS or –48 VDC battery system?



5. Is all PCN equipment connected to the back-up generator?
6. Is PCN equipment in a controlled area?
7. Are procedures in place for necessary access by PCN user personnel?
8. Is all PCN equipment properly grounded/bonded at the Headend and Hub?
9. Is the fiber transport system at the Headend and Hub for the PCN operating in both the upstream and downstream directions?
10. Are all disaster recovery procedures in place at the Headend and Hub for PCN services?
11. Are all required PCN interconnections routed through the Headend operating?
12. Is the physical plant leaving/entering the Headend and Hub in compliance with all pertinent NESC and other codes concerning clearances and other pertinent specifications?

**At the Node/Splice Location:**

1. Is required initial PCN and excess capacity available at each location?
2. Is the physical plant in compliance with all pertinent code and other requirements at each location?

**Distribution Plant:**

Does the PCN plant meet all required NESC and other specifications at the locations checked?

**At User Sites with Contracts for Service:**

1. Does the PCN drop meet all required physical plant specifications pursuant to the NESC and other applicable codes?

2. Is the PCN terminated at the user site for contracted services?
3. Is Grantee-supplied transport equipment configured and operating at the user site?
4. Is all transport equipment powered and grounded/bonded at the user site?
5. Are required service levels being provided at each user location for the services the site has contracted for:
  - a. ATM/T-1
  - b. ATM/10 Megabit
  - c. ATM/100 Megabit
  - d. Gigabit Ethernet
  - e. Ethernet/10 Megabit
  - f. Ethernet/100 Megabit
  - g. Ethernet/T-1
  - h. Video receive
  - i. Video receive/transmit
6. Can throughput be measured and documented to verify provision of required service levels?
7. Are users being provided with required PCN performance data and associated reports?
8. Has the PCN met required network availability parameters at each user location?
9. Are users receiving required service response and required trouble resolution reports from Grantee?

**Upgrade Extension Agreement**  
**“Questions & Answers”**  
(Prepared by MACC Staff)

**Q. 1 What assurances do we have that AT&T will complete this upgrade by the end of the extension period?**

A. AT&T proposed this timeline to MACC. Should they fail to make their self-imposed deadline, MACC will impose significant fines and other remedies, up to, and including reducing the term of their Franchise.

**Q. 2 Why are they upgrading the PCN on time and seeking an extension for the upgrade of the residential cable system?**

A. The major construction work that is taking place for the upgrade of the residential cable system is the placement of a fiber backbone throughout the Franchise area. Since the PCN is carried on that same fiber backbone, it is easier to upgrade the 200 PCN sites to fiber during the next several months while this backbone is being built. Full upgrade of the residential cable system, in addition to the fiber backbone, requires changing out thousands of electronic devices and power supplies above and under streets that serve over 100,000 subscriber homes. This work will be done from January through July of 2002.

**Q. 3 How much does this upgrade costs AT&T?**

A. Between \$40-50 million dollars.

**Q. 4 When will my jurisdiction be upgraded?**

A. Since AT&T is still designing the upgrade of about half of the system, AT&T has not established a schedule for construction in specific jurisdictions. AT&T did commit to the MACC Board to provide an estimated completion schedule, by geographic area, by January 1, 2002.

**Q. 5 Is the MACC area the only one affected by AT&T's financial problems?**

A. No, AT&T has delayed or stopped system upgrades and other capital investment across the country. MACC is the only jurisdictions in the northwest (and in most of the country) where construction will continue if the upgrade extension is granted.

**Q. 6 Since AT&T will be compressing this upgrade into a few months, will citizens experience a lot of additional construction disruption in local streets and neighborhoods?**

- A. No. Since this is an upgrade of the cable system and not a complete rebuild, citizens should not experience a significant increase in right-of-way activity during the next twelve months. Old underground cable will not be dug up, but will be "pulled out" and replaced by fiber. Most of the aerial cable in neighborhoods will remain, and only the power supplies and amplifiers attached to it will be replaced.

**Q. 7 Excite@Home is having financial trouble -- what happens to AT&T's @Home service if they go out of business?**

- A. Excite@Home is the content provider for the @Home service used by AT&T (AT&T owns a substantial amount of the company). AT&T assures us that it will continue to offer @Home service even if Excite@Home ceases operations.

**Q. 8 What are "passings"?**

- A. Passing refers to the homes passed by the cable system or plant. In the MACC service area there are about 160,000 passings, or homes passed by cable plant. Only about 64% of homes passed by the cable system subscribe to cable service. There are just over 100,000 cable subscribers in the MACC system.

**Q. 9 What is the Public Communications Network?**

- A. The Public Communications Network (known as the PCN) is a separate cable system owned by AT&T that provides high-speed communications among local governments and schools for a fee in the MACC area. The PCN currently connects about 200 user sites and is used by agencies for high-speed data, Internet/email service, and video services. The PCN is being rebuilt into an all fiber network as part of AT&T's upgrade.

If you have additional questions, please contact Bruce Crest, MACC Administrator at 503-645-7365 x 200, or Sarah Hackett, Senior Communications Analyst at x 206.